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INTRODUCTION

The Office of Internal Audit performed an audit of Van Buren County DHS for the period October 1, 2005 through September 30, 2006. The objective of our audit was to determine if internal controls in place at the local office provide reasonable assurance that departmental assets are safeguarded, transactions are properly recorded on a timely basis, and policies and procedures of the Michigan Department of Human Services (DHS) are being followed. Van Buren County DHS had 79 full time equated positions (FTE's) at the time of our review. Van Buren County DHS provided assistance to an average 11,151 recipients per month in FY 2006, with total assistance payments of \$15,605,756 for the fiscal year.

SCOPE

Our audit was performed in accordance with Standards for the Professional Practice of Internal Auditing issued by the Institute of Internal Auditors, and accordingly, included the audit tests we deemed necessary under the circumstances. We obtained descriptions of significant systems operating at Van Buren County DHS, documented those systems, and evaluated controls in each system. We tested the systems for compliance, where feasible. Our audit included the following:

Cash Receipts	Cash Disbursements
Safe and Controlled Documents	State Emergency Relief (SER)
Direct Support Services	Client Processing
CIMS/ASSIST/LASR	Children's Protective Services
General Ledger	Modified Accrual Balance Sheet
Payroll and Timekeeping	Procurement Card
Foster Care	Child Day Care

EXECUTIVE SUMMARY

Based on our audit, we conclude that Van Buren County DHS internal controls need improvement to provide management with reasonable assurance that assets are safeguarded and transactions are executed in accordance with management's authorization. Controls over access to the Client Information Management System (CIMS) and ASSIST are not adequate. We found no instances of noncompliance with policies and procedures for cash receipts, cash disbursements, controlled documents, client processing, payroll and timekeeping, procurement card usage, general ledger, modified accrual balance sheet, or Children's Protective Services. However, we noted a few instances of noncompliance with policies and procedures in other areas, which are detailed in the findings and recommendations that follow below.

LOCAL OFFICE RESPONSE

The management of VanBuren County DHS has reviewed all findings and recommendations included in this report. They indicated in an e-mail dated March 28, 2007 that they are in general agreement with the report and have implemented corrective action for all findings.

FINDINGS AND RECOMMENDATIONS

CIMS and ASSIST Security

Incompatible Job Profiles and User Types

1. Van Buren County DHS had assigned ASSIST job profiles and CIMS user types for FIMS that allowed them to both register a case and perform file maintenance. Internal Control Criteria states that these two job profiles are incompatible. Allowing FIM's to register cases and perform file maintenance is a serious internal control weakness because it would allow them to create a fictitious case that would

not be detected. FIM's are responsible for case reading and review. They should not be registering cases or performing file maintenance.

WE RECOMMEND that Van Buren County DHS either remove case registration status in ASSIST and file maintenance capability in CIMS for FIM's; or remove only the registration status in ASSIST and have independent staff review all transactions that appear on the Transaction Control Report (MA-010) for FIM's with file maintenance capabilities.

State Emergency Relief

Missing Documentation

2. Van Buren County DHS did not have complete information for one out of the five cases reviewed for State Emergency Relief. This case did not have an SER application (DHS-1514) or a Decision Notice (DHS-1419). Program Policy Manual Item SER 209 requires preparation of these forms to document the client's eligibility for SER.

WE RECOMMEND that Van Buren County DHS obtain appropriate case file documentation to support all State Emergency Relief payments.

Direct Support Services

Missing Documentation

3. Van Buren County DHS did not have complete information for two of the five cases we reviewed for Direct Support Services. Two cases did not have a MIS report and one case did not have proof of an estimate or inspection. These forms are required by Program Eligibility Manual Item 232.

WE RECOMMEND that Van Buren County DHS obtain appropriate case file documentation for all Direct Support Services cases.

Foster Care

Missing Documentation

4. Van Buren County DHS did not have complete information for two of the five cases we reviewed for foster care. One case did not have an initial service plan (DHS-65), one case did not have a copy of a social security card, and two cases did not have a copy of a birth certificate. These forms are required by the Child and Family Services - Foster Care Manual.

WE RECOMMEND that Van Buren County DHS obtain appropriate case file documentation for all foster care cases.

Child Day Care

Missing Documentation

5. Van Buren County DHS did not have complete information for one of the five case files we reviewed for Child Day Care. This case did not have documentation of employment verification or verification of the provider's social security number. These forms are required by Sections 702-704 of the Program Eligibility Manual.

WE RECOMMEND that Van Buren County DHS obtain appropriate case file documentation for Child Day Care cases.